

October 1, 2011

Honorable Mayor and City Council  
City of Bedford, Texas

In accordance with the requirements set forth in the City charter, the annual operating budget and capital improvement program for FY 2011/2012 has been reviewed and approved by the City Council. This budget represents the financial plan for providing public services and capital improvements during the coming year. The plan is focused on City Council priorities and follows the fundamentals of the City's Financial Policy statements. The plan addresses City Council vision, mission and critical focus areas while maintaining current level of services, fiscal stability and improving the City's infrastructure. The recommended budget is the product of many staff hours dedicated to meeting the challenge of allocating diminishing financial resources among the increasing list of community needs.

This budget serves as a policy document for the City of Bedford. With the approval of this budget, the City Council establishes the community goals and programs for the upcoming fiscal year. The annual budget contains appropriations in order to achieve specified purposes, functions, activities and objectives. Ultimately, this budget communicates who we are and what we do, and is directed to a wide audience -- Bedford citizens, community investors, elected officials and city staff.

Services provided by the City include fire and police protection, emergency medical services, planning and zoning, economic development, code enforcement and inspections, street maintenance, parks, recreation, library and senior citizen services. A special revenue fund is used to account for revenues derived from hotel/motel taxes, with proceeds used to promote Tourism. Water and sewer services are provided under an enterprise fund concept, with user

charges set by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt. Drainage maintenance services are also provided under the enterprise fund concept, implemented in 1991 in accordance with amendments to Title 13 of the Texas Local Government Code.

➤ **Budget Goals**

In June of 2011 the City Council, assisted by a professional facilitator, met in a work session and reaffirmed the vision, mission and three top priority goals for the next two to three years.

Vision: To be a quality residential community balanced with an environment for planned economic vitality.

Mission: Be responsive to the needs of the community  
Demonstrate excellent customer service in an efficient manner  
Foster economic growth  
Provide a safe and friendly community environment  
Protect the vitality of neighborhoods  
Encourage citizen involvement

In order for the City to achieve this vision, the mission statements were established to provide direction to the staff. As a reflection of the vision and mission statements three critical focus areas were identified.

Critical focus areas:

- **Economic Development:**

GOAL: Implement a plan to create and foster an environment that encourages redevelopment, business retention, attraction and creation in order to foster economic growth through a managed and balanced approach.

The objectives for this goal are as follows:

- Create a Central Bedford Development Zone
- Develop plans to improve vacant or underutilized commercial property
- Develop plans to transition existing shopping centers

- City Codes:

GOAL: Present the City in a manner that creates an image of success by providing resources required to meet these goals and objectives.

The objective for this goal is as follows:

- Enforce and as necessary upgrade ordinances in order to promote and continuously improve:
  - Health
  - Safety
  - Overall appearance of the community

- Budget:

GOAL: Develop a budget that will prioritize, control expenditures and support economic development, city infrastructure and quality of life opportunities.

The objectives for this goal are as follows:

- Resources for support of economic development
- Code enforcement
- Parks and recreation
- Investment in staff satisfaction
- Library
- Roads/Drainage/Water

City staff is developing a comprehensive timeline and action plans in order to manage projects that address these critical focus areas. This budget may require strategic realignment of current resources in order to implement these action plans. Other items may require further Council discussion through work sessions, so that the Council can establish a clear policy on each issue, provide staff with direction for further action, allocate necessary resources and progress toward these goals during FY 2011/2012.

### ➤ **Economic Outlook**

Property values in the city of Bedford showed a very modest increase in 2011, after decreases in the previous two years. Total taxable value on the certified appraisal roll reached a historic high of \$3,039,815,095 in 2008, falling to \$2,998,877,697 in 2009 and falling further to \$2,885,471,846 in 2010. The total taxable value for 2011 is \$2,897,391,489, an increase

of 0.41% from 2010. This increase in value includes an additional \$11,981,495 in value of new construction, meaning the items were not on the tax roll in 2010. The taxable value of existing properties decreased by \$61,852. The total taxable value of homesteads with tax ceilings, including those of homeowners age 65 or older or disabled, increased by 7.1% to \$326,466,031.

Sales tax revenue projections decreased from the FY 2010/2011 budget amount, consistent with the anticipated collections in sales tax revenue in the current year. Monthly collections vary significantly from historic trends, making it difficult to forecast future collections. Limited information is available from the Texas Comptroller Public Accounts that would give us the ability to identify patterns. As a result, staff estimates remain very conservative, due to the current economic outlook and the resulting volatility in sales tax collections.

Operating expenditures (net of personnel cost, utilities and capital outlay) have been reduced in all departments. No increases have been included in this proposed funding plan for employee compensation for merit, cost of living or market adjustments. The only pay increases that have been included are those associated with the entry level Police and Fire step pay plan, which is an integral tool used in recruiting new police officers and firefighters. Health insurance premiums remain stable, primarily due to an extremely competitive bid process. Health insurance claims have been trending downward this fiscal year, due in part to the City's successful wellness initiatives and the contract agreement with Kaner Medical for employee medical clinic services.

#### ➤ **Financial Highlights**

The total proposed budget for FY 2011/2012, including transfers between funds, is \$56,992,035. This represents a decrease of \$1,088,331, or 1.89%, when compared to FY 2010/2011. Changes in expenditures/expenses vary in each fund based on the nature of the service provided in each fund. The budget for General Fund operations has been reduced by \$402,884, or 1.5%, inclusive of supplemental requests and capital outlay.

#### ➤ **Tax Rate**

The tax rate necessary to fund the FY 2011/2012 program of service is calculated to be \$.504329 per \$100 of assessed value. This rate represents a combination of the effective operating rate and the debt service rate necessary to fund the long term obligations of the City. This means that the operating portion of the tax rate will generate the same amount of revenue as in FY 2010/2011 from properties that were on the tax roll in both years. The only new operating revenue that will be generated from this tax rate is from properties that are new to the tax roll in 2011.

The debt service rate increased to fund payments on bonds issued in 2011 for the 2011/12 CIP budget. Increased debt service payments on the new debt issued in 2011 have been partially offset by reductions in debt service requirements as a result of the issuance of General Obligation Refunding bonds in 2011.

The overall increase in the tax rate is the result of an increase in debt service obligations, a decline in sales tax revenue that has been levied to reduce property taxes, and increases in the total taxable value of homesteads qualifying for the senior and disabled tax ceiling.

Since 1995, the city of Bedford has collected an additional one-half of one percent in sales tax for the reduction of property taxes. Sales tax collections in the last 12 months have declined slightly, which affects the 2011 tax rate calculation by increasing the effective tax rate for operations and maintenance. The sales tax adjustment rate decreased slightly from 2010 rate of \$.09130 to the 2011 sales tax adjustment rate of \$.090493.

#### ➤ **Funding Priorities**

The operating budget places priority on allocating the resources necessary to achieve the mission and goals as approved by the City Council, as well as providing high quality service to a wide variety of customers, both internal and external. The emphasis this year is on operational efficiency in order to meet both increasing demands for service and diminishing resources. All funding requests that are in addition to continuation of existing services are presented as Supplemental Funding Requests.

#### ➤ **General Fund**

Base general fund revenue projections show a decrease of \$336,082 (1.24%) when compared to FY 2010/11. Significant revenue reductions are projected in sales tax, franchise fees (electric and telephone) ambulance fees, interest income and most classifications of building permit fees. Alcoholic Beverage taxes have been reduced by 25% as a result of new legislation passed by the State of Texas, which reallocates those funds back to the State. Revenue related to the contract between the City of Bedford and the Immigration and Customs Enforcement (ICE) for detention services fell sharply in recent years, but rebounded in FY 10/11. The projection for ICE revenue increased from \$175,000 in FY 10/11 to \$230,000 in FY 11/12, consistent with current year actual collections. The revenue from this contract over the years has been highly variable, recording as much as \$600,000 in one year, and as little as \$20,000 in one year.

Supplemental funding requests in the General Fund total \$132,681, and are primarily related to maintenance, new warranties and new fees and requirements passed on to the City of Bedford during the most recent legislative session. Details on those supplemental requests can be found in this budget document in the Budget Overview section.

➤ **Tourism Fund**

The Tourism Fund has one primary source of revenue: hotel occupancy taxes. The funds are used for a variety of purposes, all within the guidelines of the Texas Tax Code. Significant operations included here are marketing for local hotels, tourism related promotions and festivals, support of the arts and historic preservation.

Hotel occupancy tax revenues have declined in recent years during the economic downturn. The former Holiday Inn/Bedford Plaza Hotel re-opened early in FY 2011, which has had a positive impact on hotel occupancy tax revenue. Funding continues for support of the Northeast Arts Council (formerly ARTSNET), the annual 4thFest and the City of Bedford Labor Day Blues & BBQ festival.

➤ **Stormwater Utility Fund**

The Stormwater Utility Fund continues to remain stable from an operations perspective. There are no fee changes recommended for the Stormwater Utility Fund at this time. General Obligation Bonds were issued recently for the Sulphur Branch Drainage project, Schumac Drainage project and Glenda Street Drainage. Debt service obligations issued in 1991 for stormwater improvements were retired in FY 2009/2010, thus allowing for new bonds to be sold without impacting drainage rates. Funds previously allocated for debt service payments have been partially re-allocated for improvements to the drainage channel directly east of the post office on Harwood. This much needed drainage improvement project will be the first step in making improvements to the Boys Ranch Park, pursuant to the Boys Ranch Park Master Plan that was developed and approved in 2010.

➤ **Water & Sewer Fund**

In January of 2009 the City contracted with Pros Consulting, LLC to conduct a utility rate study. The utility rate study was completed and the results of that rate study showed that an increase in water and sewer rates was essential. Failure to do so would result in the City's inability to meet the financial obligations required by revenue bond ordinances. As a result, rates for both water and wastewater were increased in October of 2009 and 2010 as part of a multi-year plan to improve the financial condition of the Water & Sewer Fund. Based on the plan, an increase in water & sewer rates was anticipated for FY 10/11, but based on final data

received from the Trinity River Authority, the City's provider for both treated water and wastewater disposal, no rate increase is being recommended at this time.

Supplemental funding requests in the Water & Sewer Fund total \$224,030. Of this amount, \$150,000 is recommended to be set aside in the Water & Sewer Maintenance Fund and Equipment Replacement for future needs. Details on those supplemental requests can be found in this budget document in the Budget Overview section.

### ➤ **Personnel**

Staffing levels have been reduced in this budget by “freezing” eleven positions, meaning that those positions remain authorized, but no funding is included in the upcoming fiscal year.

The specific positions that have been frozen are as follows:

- Building Inspector (Development Department/Code Enforcement & Inspections)  
- also unfunded in FY 09/10 and FY 10/11)
- Public Service Officer (Police Department/Community Services Division – also frozen in FY 09/10 and FY 10/11)
- (3) Police Officer I (Police Department/Patrol Division)
- Maintenance Worker I (Community Services Department/Parks)
- Clerk Typist (Community Services/Senior Center)
- Maintenance Worker I (Public Services/Water -.75 FTE – also frozen in FY 09/10)
- Maintenance Worker I (Public Services/Traffic Division)
- Crew Leader (Public Services/Water)
- Maintenance Worker I (Public Services/Wastewater)

There are several staffing changes/additions included in the proposed budget. One Patrol Officer position has been eliminated to create a Detective Sergeant position in the Police CID Division. This will be a working supervisor, allowing for a reduction in the case load per investigator. One Public Service Officer position has been eliminated to create a position for a Crime Analyst in the Police Department Records Division.

Funding in the amount of \$20,000 has been requested for part time shelvers in the new library. Library statistics indicate that circulation has significantly increased since opening the new Library. Increased utilization combined with the increase in the size of the facility have had an impact on the ability of the Library employees to maintain the level of services experienced in the old Library, particularly in the area of processing

returned materials. This amount of funding would provide for approximately 30 hours per week in additional customer service.

➤ **Non-Operating Funds**

The City of Bedford maintains a wide variety of funds for specialized purposes. These funds are utilized for special programs, capital purchases, maintenance items or non-recurring expenditures. A complete list of these funds is found in the Budget Overview section of this document.

➤ **Capital Improvements**

The capital improvements program portion of the budget is very limited at this time. A general obligation bond sale was conducted in July of 2011 to fund the City's match for the Traffic Signalization project on the main thoroughfares in the city. The City's share of this project is approximately \$465,000. This project was originally approved in the Bedford 2005 bond election in November of 2001. However, the City of Bedford applied for and received a grant administered through the North Central Texas Council of Governments for \$1,856,000 to complete the project. Engineering plans are scheduled to be developed to improve the Boys Ranch Lake and related drainage areas throughout the Boys Ranch Park.

Numerous water, sewer and drainage projects are pending, and will be presented and discussed during the upcoming budget work session. Annual improvements to the wastewater system infrastructure will total approximately \$1,000,000. A new water well is planned to be drilled in the northwest section of Bedford, adjacent to Carousel Park and the Simpson Terrace elevated water tank. An engineering study on the water pressure problems experienced in northwest Bedford was completed in 2010, and the construction of a booster pump station at the Simpson Terrace site is planned to begin in the near future. Utility relocations related to the expansion of Highway 182/121 through Bedford are anticipated to begin in 2011, in cooperation with the North Tarrant Express project. Construction is scheduled to begin on Glenda Drive to improve the drainage in that area, as well as construction and improvements to the Schumac/Monterrey Storm Drain.

Funding for multiple street maintenance projects is included in the FY 2011/2012 budget for the City of Bedford Street Improvement Economic Development Corporation (also known as the "4B Corporation"). In November of 1997 the citizens of Bedford approved an additional one-half of one percent sales tax for the purpose of economic development (4B sales tax). Specifically, these funds are to be allocated to street and road related improvements within the City of Bedford, along with paying for the maintenance and operating expenses related to the projects. The 4B Corporation was subsequently formed to administer the funds provided

by the additional sales tax revenue. The capital improvements program portion of the budget includes the budget that was recommended and approved by the Corporation.

➤ **Conclusion**

The budget for FY 2011/2012 is a financially sound plan for providing public services to the residents of the City of Bedford. Based on the current economic conditions, priority has been placed on continuing the current level of services, with minimal new programs or capital outlay. City staff members are aware of the challenges that face the City Council in directing the growth of the City and hope to meet those challenges by developing efficient programs and professional customer service through the guidance of the City Council and approval of the programs reflected within this budget.

➤ **Acknowledgments**

The staff would like to extend appreciation to the City Council members who sacrifice many hours to make difficult priority decisions and set policies that guide the City into the future in a fiscally responsible manner. Appreciation is also expressed to the City employees throughout the organization, especially those responsible for the maintenance of records that are utilized in the development of this program of services. Many members of the City staff take part in the development of this document, and these members allow the team as a whole to look into the future with pride and anticipation.

Respectfully,

A handwritten signature in cursive script that reads "Beverly Queen Griffith".

Beverly Queen Griffith, CGFO, CGFM  
City Manager  
City of Bedford, Texas

